

Scottish Affairs Committee

Oral evidence: [Cost of living: impact on rural communities, HC 982](#)

Monday 27 February 2023

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Members present: Pete Wishart (Chair); Deidre Brock; Wendy Chamberlain; David Duguid; Sally-Ann Hart; Christine Jardine; Douglas Ross; Dr Philippa Whitford.

Questions 1-96

Witnesses

[I](#): Frazer Scott, Chief Executive Officer, Energy Action Scotland, Heather Williams, Training Lead, Scottish Women's Budget Group, and Ruth Boyle, Policy and Campaigns Manager, Poverty Alliance.

[II](#): Professor David Bell CBE, Emeritus Professor of Economics, Royal Society of Edinburgh, Chris Birt, Associate Director Scotland, Joseph Rowntree Foundation, and Professor Hugo van Woerden, Visiting Professor, University of the Highlands and Islands

Examination of witnesses

Witnesses: Frazer Scott, Heather Williams and Ruth Boyle.

Q1 Chair: Welcome to the Scottish Affairs Committee and our first evidence session on "Cost of living: impact on rural communities in Scotland". I am delighted that we have a stellar cast for you to get things started. We will now let them introduce themselves and tell us about the organisations they represent. We will start with you, Ms Boyle.

Ruth Boyle: Thank you very much for inviting me to give evidence today; I am really delighted to be here. My name is Ruth Boyle. I am the Policy and Campaigns Manager with the Poverty Alliance. We are Scotland's anti-poverty network, based in Scotland.

Heather Williams: I am Heather Williams. I am the Training Lead for the Scottish Women's Budget Group. We are an organisation that campaigns for gender equality using gender budgeting approaches.

Frazer Scott: Good afternoon. I am Frazer Scott. I am the Chief Executive Officer for Energy Action Scotland, Scotland's national fuel poverty charity. It is a membership organisation whose members work with over 3,000 people every single week in some of the most vulnerable circumstances who are struggling with their energy costs.

Q2 Chair: Thank you all for those very concise introductions. When we started this inquiry, we often asked for evidence. We presumed we would get a fair degree of it, with a whole range of issues surrounding the unique challenges of poverty and cost of living issues in the rural areas of Scotland. We were quite surprised just how many bits of evidence we have had.

Just to get the whole thing started, in our first evidence session here today, could you tell us what you think are the unique challenges of living in the remote areas in Scotland? We will start with you, Ms Boyle.

Ruth Boyle: Thank you. The first thing we need to have at the forefront of our minds during this inquiry is that rural poverty is often a hidden issue. Poverty is often seen as being an urban issue, with rural areas being seen as idyllic and not having issues of poverty. That is often down to the fact that the metrics we use to measure poverty across the UK are not overly applicable to rural areas; they are very focused on things such as income and place, rather than outgoings. That means that they do not take into account the particular issues with poverty in rural areas that stem from there being a higher cost of living in those areas.

People in rural areas face higher costs for their energy and for their travel, in particular, which means that they actually face a higher risk of poverty. We need to ensure that we are not allowing the data on rural poverty to allow us to be complacent about how big an issue rural poverty actually is.



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In terms of thinking about the ongoing issues in rural areas, there are a number of problems. We know that because poverty is not seen as a rural issue, there is a lot of stigma for people living in poverty in rural areas. They face a lot of shame in terms of their financial situation, because it is seen as being an affluent area. We also know that people face issues with transport: there is an overreliance on cars because of problems with public transport, and there is less access to public transport in rural areas. Where there is access to public transport, it tends to be more expensive. That is a particular issue for women, who are less likely to be able to drive or to own a car, and also for disabled people who maybe cannot access public transport. I am sure Frazer will go on to talk in detail about energy, but we know that, during the cost of living crisis, people in rural areas are more reliant on alternative types of fuel, which are particularly more expensive than being on the gas mains. That means that, during the cost of living crisis—particularly because those alternative fuels have not been covered by the energy price guarantee—they face spiralling costs, which has pushed them into further poverty.

Q3 Chair: There are loads of things that we are going to try to get into with this series of questions. We might come to you, Mr Scott. Do you think that the current cost of living crisis and all the challenges it has presented have been particularly exacerbated in rural areas of Scotland?

Frazer Scott: Without a doubt, the impact that higher energy costs has on rural communities is disproportionately large. In 2019, rural Scotland already had the highest levels of fuel poverty anywhere in Scotland—in fact, perhaps anywhere in the UK at that time. As a consequence of having poorer-quality homes with low levels of energy efficiency, they were indeed off gas in the main, with much higher unit costs.

We are all perhaps much more focused on our energy costs and what units of energy cost right now. Under the current energy price guarantee, for example, electricity is 34p per kWh and gas is about 10p per kWh. If you are in a home that is all electrically heated and you have to achieve the same kilowatt-hours in your home to achieve the same level of comfort as someone who has a home that has gas, that is a substantial uplift in your costs. It is anywhere between 50% and 100% higher for households who do not have access to gas than for households who do. Most of those households live in rural communities, so without a doubt, when the cost differentials have been ramping up at the rates they have—we are paying almost three times the level that we paid in 2020—the gap that it is now creating is vast. What we have not seen is any response from Governments that recognises that particular difference—a well-known impact. We have not seen an uplift being provided to rural communities to take account of the fact that they consume considerably more, and spend considerably more, than other communities who have access to gas.

Q4 Chair: What we have seen in the evidence thus far is stuff from the Scottish Government that is saying that, because of the higher costs of everyday essentials, attaining a minimum acceptable standard of living in rural Scotland can cost between 15% and 30% more than in urban parts of the UK. Is that the sort of figure that you would recognise, Ms



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Williams, when you are looking at the situation in rural areas of Scotland?

Heather Williams: Yes, certainly in terms of the work that we have been carrying out with women through our women's survey and the other work that we have been involved in. We are seeing a rural premium in terms of additional costs. There are higher food costs because of lack of choice or lack of ability to get to big supermarkets; increasing energy costs because, as Frazer was talking about, people are off the grid; and a reliance on your own car or, if you do not have a car, higher costs of transport in rural areas. Access to other services is often particularly difficult for people in rural areas as well. That impacts on women, but also on disabled people and individuals who have caring responsibilities. All of these things can accumulate and exacerbate the situation that individuals in poverty have. As Ruth was saying, the hidden poverty that we often see in our rural areas can be really difficult. While covid and the impact of the covid pandemic have shone a light on some of the issues in relation to poverty in our rural areas, there is still that stigma and discrimination and issues with getting services and support to people who need it in some of our more rural areas.

Q5 **Chair:** Briefly, before we move on, is there anything that you would propose or suggest that the UK and Scottish Governments could do more on? We understand that the price cap is going to be changed again; it's going to be announced tomorrow that this could add £500 to the average bill. Again, will this have a disproportionate impact on rural areas, Mr Scott?

Frazer Scott: At this point in time, my key ask is that the energy price guarantee does not go up on 1 April but stays where it is. I would also like to see a package of financial support commensurate with the level of distress and detriment being experienced across all our communities. I certainly don't feel that the package proposed for 2023-24 recognises that. The price we will pay will be in the lives that will be lost and the health and wellbeing declines that will happen across our communities and, in particular, in our rural communities. Some of the financial support packages should be reinstated. We are about to lose the £400 universal payment and potentially the alternative fuel payment, which are incredibly valuable to people who live in rural communities. At the same time, the £150 council tax reduction for households in council tax bands A to D would also be removed. Households are looking at something like a £900 detriment should, on 1 April, the UK Government increase the energy price guarantee to the proposed, modelled £3,000 level. I would ask the Government to hold it where it is and also to augment that with financial support that will meaningfully lift people out of the distress that they are in.

Q6 **Chair:** I know that Mr Duguid wants to come in and I will come to him in a minute, but Ms Boyle, average household fuel bills have been in the region of £3,000; they are capped at £3,280. I presume that, in the rural areas, the figure is going to be at the top end of that average, if not way beyond that. Would that be right, and how are rural households expected to try to meet those extra costs?



Ruth Boyle: Yes, definitely. As we see, all the evidence points to the fact that energy is already more expensive in rural areas, with those households spending significantly more than their urban counterparts. I totally agree with Frazer that it is totally unjust to think about cutting financial support to households at a time when energy bills are only going to increase. What we have seen, in working with our members, is that people are already struggling to make ends meet, and we know that if we remove that financial support, we will see a rising tide of poverty.

In addition to those forms of support for energy bills, we need to remember the root causes of poverty, which is about inadequate incomes and the cost of living being too high, so we also need to think about how we can make sure more people get access to an adequate income through our social security system. We need changes there to make sure that that meets people's needs. We also need to invest in our public services, to make sure that we can reduce the cost of living for people further. As Heather said, that involves things like public transport.

Q7 **David Duguid:** I have a couple of questions about the numbers. First, Ms Boyle, you talk about fuel poverty, and I understand that fuel poverty is defined as applying if you are paying more than 10% of your—is it household income or outgoings? You mentioned earlier that we sometimes get mixed up between income and outgoings.

Ruth Boyle: I think Frazer is probably your man for the fuel poverty measure. I was talking about the way we measure poverty as a whole. We think about income, so we look at the income that a household receives rather than the standard of living that that allows them to achieve. There might be higher income in rural areas, but that masks the fact that the cost of living, as Mr Wishart said, is between 15% and 30% higher.

Q8 **David Duguid:** In that case, I'll take your expert opinion and ask Mr Scott the question. Is it 10% of income or outgoings that the fuel poverty percentage is measured on?

Frazer Scott: The figures that are broadly used when people discuss the UK as a whole—it's a proxy that's about that 10% figure; it's 10% of your income being spent on energy. In different parts of the UK, we have different definitions in existence. Scotland has a legal definition within its fuel poverty Act, and there is a bit of sophistication in how it describes the same relationship, but ultimately in Scotland it means that a household income is also in relation to the minimum income standard. Effectively, it's trying to ensure that people who are on the highest incomes would not fall into the fuel poverty definition simply because they may have a large spend on energy consumption even though they actually have a very high income. It is against the minimum income standard.

Q9 **David Duguid:** It is important to take on board Ms Boyle's point about how outgoings are as important as income, because that is another half of the equation, but on that it seems reasonable to assume that outgoings such as rent and mortgage payments, on housing—again over-generalising, but generally—in remote, isolated areas would tend to be



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cheaper than in more urban, central areas. That does not take away from the point that it costs more to heat in those areas. Mr Scott, you mentioned the 34p per kWh for electricity and 10p per kWh for gas. I think you mentioned that was before, back in 2020—

Frazer Scott: That is what we have today.

- Q10 **David Duguid:** Today, sorry. Will you give us an equivalent number for heating oil? I know other alternative fuels are available, but specifically for heating oil.

Frazer Scott: It is harder to give you an equivalent per-kilowatt-hour price. The relationship that people have with, for example, heating oil is based on things like minimum order requirements, which is 500 litres, so the cashflow requirement for a household that has an alternative fuel like LPG or oil is different. It is hard to equate one thing with another. None the less, the cost of oil and LPG over the same sort of period has gone up by at least double—between double and three times—

David Duguid: It went up even more than that, but came back down again.

Frazer Scott: It has fluctuated, but the important point for households is the point at which they buy it ahead of the winter, so many people would have bought their heating oil in September or October for over the winter period. To do so, they would have had to buy at least 500 litres, as their minimum order for tanks that perhaps can take 1,000 litres.

David Duguid: I am conscious that my questions were quick, but unfortunately the answers were longer.

Chair: That is a point to make: we have a lot of people we want to hear from today, so brevity in answers and in questions from Committee colleagues would be much appreciated. I know that we will get that from Deidre Brock.

- Q11 **Deidre Brock:** Good afternoon. Great to see you, and thank you for coming along. In the written evidence, we have heard that a lot of folk are not aware of the support for households that is available from the UK Government, for example. How could the UK Government help to raise awareness of that support? What suggestions might you have?

Heather Williams: We published a report earlier this year, in conjunction with the Poverty Alliance. It was based on the experiences of women: "It's hard work being poor". One of the things that came out of it was women not knowing about where to go, what support was available to them or what their entitlements were. Another thing that came out was that people in rural areas, where there might be more local connection, were better hooked in with agencies than individuals in large urban areas.

This is about how we make sure people are entitled when we have criteria based on income and on people having to apply. It makes it difficult for individuals if they do not know what they do not know. How do we plug that gap and make sure that local services are available where people can

get information? Too often, these days, we rely on the internet, but a lot of people do not have the ability to go online, so it is about thinking about what support is already available in communities and using those.

- Q12 **Deidre Brock:** So libraries—I know in rural areas that is tricky, because people still have to travel there—community hubs and those sorts of things?

Ruth Boyle: It is also about making sure that we have this “no wrong door” approach. That is critical to the trauma-informed, poverty-based response. Wherever someone turns up to look for support, it is up to that agency to make sure that we are working together to direct them to all the types of support to which they are entitled. That also reduces the trauma, because people only have to discuss their situation once, rather than having to repeat that multiple times.

Something that came out of our joint research with the Scottish Women’s Budget Group is that it is important that the Department for Work and Pensions and Social Security Scotland work together to direct people to make sure that we have a concentrated system of benefit uptake to ensure that everyone is getting as much support as they possibly can in order to make ends meet.

Finally, we see that 25% of the vouchers for people who are on legacy prepayment meters have not been redeemed. The sense is that it is the people who have more resources have more ability to navigate the system—probably because they have more time and digital access to do so—so it is important, as you say, that we use those community hubs and that we invest in funding voluntary organisations in a sustainable way to ensure that they can help people to access the support that they are entitled to.

Heather Williams: One of the learnings that came out of covid in certain areas, particularly rural areas, was about how you use the community network that is already there and make sure that it is resourced and funded. Angus is quite a good example of that approach during covid, in terms of a one-stop shop type of thing. Somebody had a number that they could phone to get the help that they needed, rather than, “No, that’s not our job; you need to phone somebody else.” I think we need to get better at that, because when we make people jump through too many hoops, that is when—

- Q13 **Deidre Brock:** I am absolutely with you on that one. Obviously cold houses have a very dramatic impact on health. Are GP surgeries part of this sort of discussion as well?

Heather Williams: The social prescribing model that is used in some areas is a useful approach as well; it recognises that health and wellbeing are wider in terms of how we hook individuals into the support that they need to address physical and mental health issues.

Frazer Scott: It is incumbent on us all to do what we can to raise awareness of the opportunities out there right now for people, whether



that is constituency advice that you are giving in your surgeries or the advice routes that exist more widely. I would always say that the reason we have to do that, though, is a failure of design. If it was designed well, we would not have to keep raising awareness of it. There would not be people who are not so much falling in between the cracks but being left behind at a time when they need help the most. The people who are the most vulnerable are having to struggle the hardest to access the kind of financial support that other households are finding it far easier to access, because it is automatically being paid to them. It is a failure of design.

We have many households right now in rural areas—perhaps people who live in a park home, for example—who have yet to receive any financial support for the winter that we are in today. They will not have received the £400 universal payment. They will not have received the £200 alternative fuel payment. They will not have access to a warm home discount from an energy supplier, because they do not have a relationship with one. There are people out there in our communities right now struggling—low-income households—because the system has not been designed with them in mind. It has been designed for an average household, when in fact this is support that is needed to reach people in the most difficult of circumstances. It should be designed for them, but at the moment it is not.

Deidre Brock: Thanks—great points.

Q14 Dr Whitford: Can I start with you, Frazer? You have been talking about health and wellbeing. As a doctor who spent 30 years dealing with people one at a time, I gradually zoomed out and realised I was baling out a boat that has a hole in it. What would you say are the impacts of the cost of living crisis and, particularly, the energy cost of living crisis on the physical and mental health and wellbeing of people in rural Scotland?

Frazer Scott: I think there is long-standing relationship between the cost of energy, people in fuel poverty and issues such as excess winter mortality. We are now at a point where energy costs are, with everything that has been provided, at least double what they once were. We are likely to learn from this winter what impact that will have on excess winter mortality, or in fact on winter mortality—the issue itself is perhaps more complex these days, in relation to covid and other health impacts. But without a doubt, the health and wellbeing of people are suffering. We undertook a survey not that long ago: 81% of people said they were going to cut back, and almost 15% of households said they would cut back on essential medical equipment because they simply could not afford to use it. Whether that is powered mobility or very essential—potentially life-saving—equipment in their homes, it is simply unaffordable.

I think we are going to learn a horrible lesson. This is a desperate time for households, and we have simply not stepped up. We have not provided differentiated financial support for people who have disabilities or essential medical needs. We simply have not done it as a society. We have failed those households, and the impact is likely to be higher numbers of deaths, more visits to GP practices and more hospital admissions over this whole



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period. Unfortunately, I think we will not know the full impact of this until those figures are released.

- Q15 **Dr Whitford:** What do you think of the attempts by both the UK and Scottish Governments to mitigate some of these physical and mental health impacts, particularly around those, as you say, with disabilities, who may have higher energy needs? That might be because of equipment, but it may also simply be that you are at home all day, and therefore need to heat the home all day because you are not able to be out and about.

Frazer Scott: All these things have been known for a very long time. Over the years that we have all been looking at this issue, surveys have shown that among people with disabilities, older households and families with young children there is an impact on people's health and wellbeing, and we have not provided that kind of support. Governments collectively have not provided that kind of support at all. It has been universal, flat, unfocused and not targeted. At best it has been expedient rather than excellent. If it had been excellent, it would, without a doubt, have targeted those that needed help the most with the right level of financial support in order for them not just to get by in this moment. We should be looking at more than that in our society. We should be looking for people to thrive, but instead we are asking them to survive.

- Q16 **Dr Whitford:** So you think it should have been more targeted and tailored on the most vulnerable groups? The question is how to do that without ending up with means testing, cliff edges and things. If someone qualifies for a certain benefit, would other benefits follow automatically? Not just to disabled people, but to women, children and families.

Frazer Scott: Very often we hear that data is an issue. Our national health service, for example, knows who the people are who have essential medical equipment. The Department for Work and Pensions knows the people who have the lowest incomes who are on means-tested benefits. At times it feels as if regulation gets in the way of doing the right thing. All of the protections are in place. They are not intended to prevent people from gaining the support that they so need, but what we seem to have is a convergence of regulation that seems to prevent data sharing that would allow for better targeting of financial support. That should have been swept away. This is a crisis. This is the time to do the right thing. This is not the time to sit back with the same old tools in the toolbox and say, "Well, we have all these tools. Surely that's enough." I think the answer is: clearly not.

- Q17 **David Duguid:** I can totally relate to Mr Scott's comments about the need for effective data sharing. If any of us Members of Parliament ever need NHS treatment down here, the data sharing between NHS Scotland and NHS England is not what it could be. There is certainly a case for challenging the UK Government on the, as you said—I cannot remember the exact phrase you used, but it certainly has not been a perfect approach.

The Energy Minister, Graham Stuart, once said to me that we could do



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this perfectly and get everybody the right amount of money that they need, but it would take three years to do it. So it has been kind of fast and loose. Do you recognise the cost of living payment of £650 that was paid in two instalments over the last year, on top of which was £150 for those on disability benefits, so there was not any other test? It was just straight to those, and also £300 for pensioners on top of their existing winter fuel payment. Would you still say that was not targeted enough or was not enough enough?

Frazer Scott: I would say it is a large amount of money. None the less it is not enough to bring the cost of people's energy that is available to them anywhere near the level it was in 2020. It is nowhere near there. It is about double the costs. We are asking people in older households, whose incomes are not rising, or people who have got disabilities—again, perhaps whose incomes are not rising—to find that additional amount. That assumes they were able in the first place to purchase sufficient amounts of energy for their health and wellbeing.

If you look back to 2019, with one in four households in Scotland living in fuel poverty, and with one in three households in rural Scotland in fuel poverty, clearly people at that time and at that price differential were not consuming the right amount of energy for their health and wellbeing. We have some of the highest levels of excess winter mortality of any country in Europe. We have some of the poorest quality housing of any country in Europe. The financial support was a lot of money, but at the same time, far from being the right level of finance to prevent detrimental impacts to people's health and wellbeing, we should have done much more. It was affordable for us to do so. If we had targeted better, it would have gone less to people who could well afford it. That is certainly true.

Chair: I knew that we would get caught up in a lot of the details of all this, but I am keen for everyone in the Committee to get an opportunity to ask some questions, so I will call Christine for a brief supplementary and then we will go back to Philippa.

Q18 **Christine Jardine:** I have a brief question on health and wellbeing. One thing that I am seeing a lot in my constituency, Edinburgh West, which is far from being what you would call a deprived area of Scotland, is a huge increase in the number of people coming to me with mould problems in their houses because they cannot afford to heat them. How serious is that problem becoming across Scotland?

Frazer Scott: This is always a problem at a time where people have limited opportunity. Scotland's climate is not great; you cannot easily hang your washing out throughout the winter months, so people tend to use things like tumble driers, but they are incredibly expensive to run, despite the fact that they are really important for people who have essential medical needs. Their need to use labour-saving devices is different.

None the less, we are seeing an increase. People are just putting them over radiators and that causes damp, mould and condensation in people's



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homes, which is bad for their health. It is even worse for people who already have an underlying health condition. They may already have a respiratory health condition. Again, we just see many things being magnified and amplified as a consequence of this. From the discussions I have had with GP practices and health professionals, it is certainly true that we are seeing more and more people self-reporting for respiratory and other illnesses at this time.

- Q19 Dr Whitford:** I would just like to ask Heather and then Ruth. There are physical and mental impacts, but particularly for these groups: women, children, families and disabled people. Do you think people know enough and, as Frazer was saying, is it targeted enough? Deidre mentioned GP practices, where we do actually have link workers trying to point people towards ensuring they get enough benefits. Is that available to people in GP practices in rural parts of Scotland or not?

Heather Williams: For us, the response to the cost of living crisis is an absolutely perfect example of why we need to be better analysing who the groups we are trying to help are and who needs that help most, whether that is women, older people or women single parents. This crisis is an absolute example of how we are not all experiencing this the same, but the response that has been provided to it assumes that we are all coming from the same starting point. We are absolutely not.

We know that people in our rural communities experience a rural premium; we know that disabled people face a disability premium in terms of higher costs. There are consequences if they are not able to meet their costs, whether for energy, food, transport or social care. That has a knock-on consequence for us as a society. It ends up probably costing us more money in the long run because of additional health costs.

This crisis is an example of the approach that we should have taken but haven't. We would be saying that for any Government, whether it be Westminster, Scottish Government or at a local government-level. Doing the work that needs to be done under the public sector equality duty and taking an equalities analysis to what we are doing to ensure that we get this support to the people that need it is absolutely essential in any further response to this, particularly in terms of how we address energy inefficiency within our households and communities as we go forward. It is about ensuring that support is tailored to those who need it to address issues that Ms Jardine was talking about: mould in poor households and things like that. We need to ensure that the approach that is taken gets the support to those who require it.

Ruth Boyle: The joint research that the Poverty Alliance and the Scottish Women's Budget Group published last year showed that women reported that they were unable to attend medical appointments because they could not afford the cost of transport in order to get there. We also saw in that research that women were functioning as poverty managers in the home. They were responsible for making household budgets stretch and, as a result, they were going without heating or food themselves in order to provide.



Q20 Dr Whitford: This was before this current cost of living crisis.

Ruth Boyle: Yes, this was prior to the winter. Women were going without food or heating themselves in order to provide for their children. As you say, a point of concern for us in that research is that women reported that they had already run out of ways to adjust their daily lives in order to minimise costs. That was before we saw this further spike in the cost of living in the winter months.

One of our members, Independent Age, also published some research this week looking at pensioners' experience of the cost of living crisis. We see there lots of issues with loneliness, which we know has a long-term implication for your health. Older people reported being more socially isolated as a result of the crisis. They also reported rationing food and heat in order to minimise costs, but again they ran out of ways to reduce their costs and they were not able to cover their bills. All of this points to that need for tailoring and making sure that we are giving people the best possible opportunity to make ends meet.

The thing to remember is that experiencing poverty and living on a low income causes a great deal of stress and anxiety, especially when people do not know what support will be coming to them. Now we have had the announcement today, households will not know what support will be given to them until after 15 March. I think that will be a real source of stress and anxiety for many households across Scotland, including in rural areas.

Q21 Douglas Ross: Good afternoon to our witnesses. Mr Scott, you mentioned how people in park homes, and such like, still have not got the support that others have. Obviously, it has been announced today that applications have opened. We would all have loved to have seen that sooner. I raised the issue directly with the Minister, Graham Stuart, on behalf of the park homes in my Moray constituency, both at a meeting of this Committee and privately. There were concerns about making sure that the scheme is targeted as much as possible, and not susceptible to fraud. Do you welcome today's announcement and the further funding that will be announced next Monday, which will help people who are really struggling?

Frazer Scott: All the help provided for people will be welcomed by those that receive it. You gave the example of park home communities; they are low-income households that have somehow had to find the finance to get them through the winter period to this point, which is a failure of the design of the system.

As welcome as it is that people are now able to apply for support, that does not mean they are going to receive it now; they will have to wait to receive it. These are still low-income households. When Governments design things, I urge them collectively to design things in relation to need, and to be ahead of need, rather than to be after the fact, because I just do not know where people found potentially nearly £1,000 over that period, in terms of financial support that could have been available to them. As our survey suggested, the chances are that they will have rationed



through the whole period and gone without essential heat and warmth in order to get by.

- Q22 Douglas Ross:** Sorry to interrupt, but I know we do not have you for much longer. Briefly, all of you, how do you promote the message of the Government's announcement today? I understand your concerns—you are rightly critical; you are right to do that—but people will also look to you and your various organisations for information. You may have a voice that is critical of Government, but do you also have a voice to tell people where they can go and how they can find support?

Frazer Scott: Of course we have a critical voice for Government, but, at the same time, all of the organisations that we work with will be out there doing what they can to support people in need, every single day. Our members support thousands of people every single week. There are fantastic organisations across rural Scotland, whether that is Tighean Innse Gall in the Western Isles, THAW in Orkney, Scarf covering the north-east, the Energy Agency in the south, ALIenergy or the many rural housing associations out there that are trying to support people and provide them with the right kind of level of advice and support.

People will still promote the opportunity and drive people to access those financial supports. The risk is that no matter doing all of that, people will still miss out, and for me that is a failure. We should do what we can to make sure that everyone who is eligible for support actually gets it.

- Q23 Douglas Ross:** Looking at trying to maximise the amount of support people can get from either Government, what is any of the panel's view on the winter heating payment that is being introduced by the Scottish Government?

Ruth Boyle: Concerns have been raised by organisations in our membership in terms of the changes that the Scottish Government have made. Because it is a flat-rate £50 payment, that means that some communities that would have had perhaps three payments of the original £25 are now missing out as a result of the changes. There has been some simplification to the system, which is welcome, but the fact is that some households are getting less money at a time when they need even more in order to make ends meet.

- Q24 Douglas Ross:** What is the reason for the Scottish Government doing that? When I left this morning to come down here, it was -3.5°C at Inverness airport. If it continued like that for a week, people in that vicinity would have got their £25 from the UK Government, and they could have had that for some time—I think it was between November and March. That is quite a period in which you can get those individual £25 payments, yet the funding is still not getting out from the Scottish Government, despite promises being made, and it is just going to be a flat £50. Why is that? What is the point of changing the system? You have all said that we have to try get as much money as possible for vulnerable people, yet the Scottish Government scheme is actually going to give them less.



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Frazer Scott: I think there are winners and losers in the introduction of the new £50 payment. There are many more households that will receive financial support, but what is definitely—

- Q25 **Douglas Ross:** But the ones who should be getting it, given what is available elsewhere across the United Kingdom, are the ones who are suffering the lowest temperatures, like the people near Inverness. People in Dalcross today woke up to temperatures of minus 3.5°C; fortunately, it was just freezing in Moray when I left. Why should a larger proportion of people get more money, but those who are directly affected by the lower temperatures get less?

Frazer Scott: Let me try to explain how it is provided. Some of the £50 payments will go to places in rural Scotland that never had them before, such as the Western Isles, Orkney and Shetland. The temperature definitions for cold weather payments in the past would have meant that no triggers occurred there. Low-income households there may receive £50; but what is absolutely true about the introduction is that about 180,000 households could potentially be worse off—

Douglas Ross: 180,000 in Scotland alone?

Frazer Scott: —as a consequence of extensive periods of cold weather beyond two weeks within a winter period. Many of those households are in places like Braemar, which is often used by the BBC as an example.

- Q26 **Douglas Ross:** Braemar often comes up in the news. As elected Members of Parliament, we get a trigger from the Commons Library about postcodes in our areas. I quite often get it, and we disseminate that information to local people. I know people in my Moray constituency—not Braemar—who are going to lose out significantly. Have the Government responded to any of your concerns in any way on this?

Frazer Scott: What is key is that we provide financial support. What has been lacking thus far is a significant response for extreme weather events and cold weather periods. I do not just mean in Scotland; I mean across the UK as a whole. It is certainly true that we have perhaps not done the best we could do since the benefit has been devolved to Scotland, because it has certainly not provided no detriment to households that traditionally would have received many, many more payments over a typical winter period. We have called for at least a “no detriment” element to that so that there is no detriment to communities in places like Braemar, Aviemore, Aberdeenshire, parts of the Scottish borders, and Dumfries and Galloway, which typically would have received more payments on average.

- Q27 **Douglas Ross:** The final area that I want to look at is probably just for Mr Scott. Do Ms Boyle and Ms Williams want to add anything to that? No. I don't want to hog Mr Scott. Are you aware of area-based schemes?

Frazer Scott: Yes.

- Q28 **Douglas Ross:** How is that working?



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Frazer Scott: What we have seen over the last few years is that there has been a slowdown in the rate at which homes have seen improvements to their energy efficiency. We could have seen tens of thousands—

- Q29 **Douglas Ross:** Sorry, I should just explain that to others. This is a Scottish Government scheme that, via local councils, looks to improve energy efficiency in homes—the one thing that I presume we all agree we should be doing. The Scottish budget for that in 2021-22 was £64 million, but the total amount spent was less than half of that—£30.2 million. This came up in a Moray chamber of commerce meeting that I attended: the budget for Moray was £1.9 million, but the spend was just £57,000. Our constituents are really struggling to make their homes as energy efficient as possible, so why have we got so much money available but such a chronic underspend?

Frazer Scott: The question why there is a chronic underspend is probably not best for me.

- Q30 **Douglas Ross:** What do you think?

Frazer Scott: The consequence of the underspend over three years is that tens of thousands of households could have been better prepared and better shielded from high energy costs. It is incumbent on us all to deliver programmes for energy efficiency far better. If we can insulate people's homes, we can without a doubt do the same for their ability to deal with high energy prices, but that has not happened.

Covid certainly had a huge impact on delivery in that first year, simply because you couldn't access people's homes in order to deliver those improvements, but the same has certainly not been the case over the last two years. You could not argue that the same level of restriction has existed. It is a chronic problem across the UK, but in Scotland we certainly lack a supply chain

It is a chronic problem across the UK, but in Scotland we certainly lack a supply chain that is able to deliver the level of improvements into people's homes. We should have something more like a rural academy that builds skills in the business community so that insulation measures and energy efficiency systems can be installed across rural Scotland. We are certainly short of installers and organisations able to deliver them.

- Q31 **Douglas Ross:** Surely someone in Government is saying that they put £64 million in that column in the budget—a significant amount of money—to get it out to councils to improve energy efficiency in homes, and less than half of that has been spent. Ms Williams, I think you said that it is women who tend to be the people who model their energy efficiency within the home. Are your members sufficiently aware of this?

Heather Williams: We are running a survey at the moment. I had a quick look before we came in, and one of the questions that we are asking is about what individuals have done to address energy efficiency within the home. As of this morning, of those in rural areas 85% had moved to low-energy lightbulbs, 50% had installed loft insulation, 25% had installed



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cavity wall insulation, 15% had installed solar panels and 55% had made changes to their heating systems.

Where people had not made any changes, a lot of it was to do with their properties not being suitable for some of the changes, but it was also about their not being able to afford the up-front costs. Even with Government grants, the costs cannot be fully met in terms of the time it will take to get that money back for households. That is particularly difficult for female households. Women are more likely to have fewer savings and to work in lower paid employment or part time, so they are not necessarily able to access these things with the disposable income and the wealth they have access to. That is what I mean when I say we need to make sure we are taking that analysis when we look at how we roll this out.

Chair: I am conscious of the time. I will allow this panel to run past 4 o'clock, because this is a really important opening panel and it is right that we get the best out of the witnesses we have here today.

- Q32 **Sally-Ann Hart:** I will keep my questions short, Chair. Looking at small and medium-sized enterprises for the moment, we know that the UK Government have done a significant amount to support SMEs, including financial support—that is with energy price relief—improved payment practices, access to finance, tax changes, cutting red tape, and supporting skills and labour. Could the UK Government do more to support crofters, farmers and independent business owners living in remote or rural areas, especially with energy costs? Do you want to take that first, Ms Boyle?

Ruth Boyle: That is probably slightly outwith the Poverty Alliance's remit, but we could talk about the labour market in rural areas more broadly. We know that in rural areas there remains an overreliance on low-paid, precarious work. We see a move from sectors such as agriculture and forestry to more people being employed in sectors such as hospitality or tourism, which were also impacted by the pandemic. There is a need for employers to think about how they can support people to access adequate incomes by paying a real living wage, for example, and giving people access to living hours that allow them to meet their financial needs in the home.

The support being given to SMEs is not something that the Poverty Alliance has looked at in great detail, but I am sure that people in rural areas will have a focus on businesses in those sectors, which we know are not often high-profit sectors. There needs to be an emphasis on making sure that we give organisations and businesses support to stay afloat, because if businesses go under during the crisis, of course that means an impact for employment in those areas as well.

Heather Williams: We published our report "Women, Work and Wealth in Scotland's changing economy 2022" earlier this year. One thing it looked at was the differences in terms of women's employment. As Ruth was saying, particularly in rural areas there is a reliance on precarious and



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part-time employment. The Scottish Government just published a report on self-employment and how women's businesses and women are supported. That is something to look at in rural areas, because the lack of access to childcare and other such issues can make it difficult for women to get into the workforce.

We definitely need to be looking, particularly from that gendered perspective, at the support we provide for business start-ups and employment. That doesn't answer your question exactly, but we would certainly push the need to use a more gendered lens and approach to the support we provide.

Frazer Scott: For Energy Action Scotland, our focus is domestic households, but in each of the groups you mentioned there is a domestic household of some description. Whether they are farmers or people who live on crofts, they are still domestic households. They still have homes to heat and families to keep warm.

What has been really unhelpful in this market is its unregulated nature beyond the domestic market. It is quite clear that there are households out there that live essentially a domestic lifestyle yet have to endure the commercial cost of energy, which is unregulated. Those households are not afforded anything like the same level of protection that is available to domestic customers more generally.

This crisis we have right now is shining a light on to many aspects of our energy market where there is an inherent unfairness. Where this unfairness exists, we should act. We should be identifying and learning, and we should take this moment that is here in front of us to design a far better, fairer system. I fundamentally believe that we should all have a right to have access to affordable energy. What we seem to have right now is a complete absence of that.

- Q33 **Sally-Ann Hart:** Debt is obviously an issue at the moment. It was during covid and it is now. From what you have seen, looking at crofters and farmers and more rural, often independent, businesses that are based in households, what attitude do you think public services such as energy companies have shown regarding debt forbearance? Do you think it has stayed the same as for covid-19? I will start with you, Mr Scott.

Frazer Scott: I can only comment in relation very clearly to domestic debt. What we have seen over the last six months or more has been an acceleration in the rate at which energy suppliers have sought to recover energy debt that is accruing in the domestic market—to the point we are at today, where there is an investigation into the behaviour of energy suppliers and a halt in England on magistrates pursuing cases for warrants to enter people's homes; and a similar review being taken in Scottish courts for exactly the same reason.

I would suggest that the levels of forbearance are not there compared with the period of covid-19. To be honest, energy during covid-19 was two and a half times less expensive than it is now. You have to consider that the



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levels of debt that are being built up right now are being built up against a cost price that is for many, many households heading towards near treble that value. For commercial customers, it is considerably higher than that, because there is no effective energy price guarantee for commercial businesses.

Ruth Boyle: Yes, it is important, and I echo everything that Frazer has said in the context of energy companies. But it is important to take a wider scope and rethink debt in the context of this inquiry as well. On the delays to payments that we spoke about today, we know that as a result of the poverty premium, people on low incomes who need to access credit are often accessing high-cost credit—things that have a high interest for them to repay. One of our members, Christians Against Poverty, has submitted evidence to this inquiry as well talking about the experience of problem debt throughout the crisis and looking at rural debt specifically.

The Poverty Alliance is the secretariat for the cross-party group on poverty in the Scottish Parliament, and we published research today that looked at the experiences of poverty-related stigma. As I said earlier, we know that there is a specific rural dimension to this. The anonymity that you may get in urban areas does not necessarily exist in rural areas. There is a sense of shame about your financial situation being found out in your local community, where perhaps everyone knows everyone else and has more information about your business than people in urban areas would.

It is really important that we think about the support we give individuals to deal with the debt they are experiencing as a result of this crisis. In the context of the stigma inquiry, we see that people experiencing debt do not necessarily know where they can seek support for that debt. Again, that is about signposting. Then, if they have a negative experience when they try to access that support—if they experience shame, stigma or prejudice because of their situation—they will be less likely to be able to deal with their debt, which leads to their situation being worsened, worsening poverty rates, and it becomes more difficult for them to escape that. We absolutely need to think about debt in the context of energy bills, but also debt more broadly and how we deal with it.

Chair: Thank you. I am very conscious, again, that we've not got all that much time left.

Sally-Ann Hart: No further questions. Thank you.

Chair: Two further members of the Committee have questions. Christine, I know you have two—could you put them together? Then we will come to Wendy.

- Q34 **Christine Jardine:** My first question was how effectively do you think the UK and Scottish Governments have been working together? We have heard a lot of criticisms of them both. How could they work better together to support rural communities, looking particularly at energy as it affects the cost of living?



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Frazer Scott: I would hope that in working together, Governments would recognise the key points where the impacts are. Like I say, thus far I would characterise levels of support as universal, broad and flat, not sufficiently targeted or focused. As we all know, many households that have received financial support simply didn't need it; very wealthy households and multiple homeowners have all automatically received levels of financial support. At the same time, as we have already spoken about, households on the lowest incomes have yet to receive any financial support over this whole winter period. We haven't created a very fair system. Governments together could and should create a much fairer system.

Without a doubt, better and faster data sharing across the UK would be part of that. I know that one of the issues in the delays to the introduction of the winter heating payment—the replacement for the cold weather payment system—has been delays in Social Security Scotland receiving information from the Department for Work and Pensions. I simply don't understand how that can happen. Why do we have to wait months and months after the cut-off date, which was in November? That doesn't seem right. Based on that November cut-off date, people should have received those payments far sooner, because surely that data was set at that point, but I know we had to wait until mid-January to receive information in Scotland. Data sharing could absolutely be a lot better.

We need to resolve to do the best we can for people across the UK and across Scotland, but we need to recognise the key aspects. That is the resolve we should have: to help the people who need help the most. I don't think it is right to say that we should just introduce universal payments—equity in payment, equity in financial support—when we should be trying to achieve equality for people, not just a universal experience. The idea that it is okay for things to be bad for everyone doesn't sound right. What we are trying to do is provide support in ways that improve people's quality of life, rather than just expecting them to get by or survive. That is not good enough for me.

- Q35 **Christine Jardine:** Data sharing and how it could be done more effectively was mentioned earlier. Is there more that could be done, particularly within Scotland, to target help, as Mr Ross said, to areas where we know that winter is going to be worse than it usually is in the Central Belt, such as the Highlands? We don't need a crystal ball to know that. Is there more that could be done in terms of planning? Academic research will not help at the moment, because it takes so long, but should there be more research into patterns of bad weather and how that aid can be targeted to fit those patterns?

Frazer Scott: I agree that the environment clearly has an impact on households across Scotland. I'm a recovering geographer, and temperature for me is one thing, but it is not a sufficiently good measure in itself. That is one criticism I have of the existing cold weather system. After all, if you live in the Western Isles, you have wind and driving rains sucking the heat out of your home; the temperature outside may not be

below zero, but the impact could certainly feel like that, and it could certainly have that impact on your home.

We need far better, more sophisticated systems in place to target help, and just because we don't have them today shouldn't mean we don't try to get there. For me, that is the big issue. We should absolutely strive to get there, just as we should on the quality of our homes and the energy efficiency information for our homes so we can target people who live in the worst kind of housing. Our job is to provide equity; it is not just to provide a universal level of supply that is unsatisfactory for people living in the poorest quality housing on the lowest incomes in some of the most vulnerable of circumstances.

Heather Williams: One of the things that we would argue is that a differentiated response is needed in terms of who the people in our society that are most in need of support are. That means looking at disabled people and people who are elderly. One of the glaring issues with the support being provided is that carer's allowance is not a passport benefit to some of the additional support that has been made available. That is an absolutely glaring issue in the support system. Carers are some of our most vulnerable people on the lowest incomes within society, and the majority are women. They also have additional costs, be that energy costs or transport costs—as we mentioned earlier, there are crap public transport systems that do not get people to where they need to be. Carers are juggling millions of things at once, yet they are often forgotten about. We say, let's look at who we actually need to get the support to.

If we are going to tackle the energy and cost of living crises, it is about looking at what we mean by retrofitting. We need a feminist green new deal in terms of ensuring that the changes that we are making to our systems as we move away from fossil fuels and towards a different set up do not replicate the issues that we currently have with our systems.

Chair: Okay, thanks. I am conscious that we are running over time, and Philippa Whitford has a quick supplementary question.

- Q36 **Dr Whitford:** Heather or Frazer, do you think that the UK Government should be trying to push the energy companies to reverse the fact that not only do people in the north of Scotland—rural Scotland—need to heat their homes more and for longer, but they actually pay higher unit costs? Is that not something a Government could try to push for?

Frazer Scott: I do not think there is a quick answer to that question. Nonetheless, we do need fundamental market reform that has a people-centric focus and is much more about delivering fairness. Of course, there is a complete disconnect between high levels of renewable electricity generation in parts of rural Scotland, and the unit costs of electricity, which are driven by a high gas wholesale price. Of course, there is a disconnect between those two things. We need fundamental market reform that puts people at the heart of that and is looking to achieve fairness. What we do not have right now is a fair system.

Chair: It is probably just as well that we are not looking at the wholesale market, or we would certainly be a long time in this inquiry.

- Q37 **Wendy Chamberlain:** What I am going to ask has probably already touched on. I am the co-chair for the APPG on ending the need for food banks. We specifically went to a rural area because we knew about the poverty premium. That was the only visit where we saw the option of cash or food; there were concerns about cash because of that poverty premium. To follow on from a couple of the questions from Christine Jardine and Philippa Whitford, we have talked about how we target support, but what more do we want local authorities to be doing and what funding do they need to do it?

Ruth Boyle: That is a great question. To pick up on Ms Hart's point from earlier about SMEs, what we have seen in our membership, is that organisations' financial sustainability has been threatened by the local authority budgets that have been announced lately. We saw a day of action in Midlothian very recently, organised by one of our members there, the TSI, to highlight the impact that the local authority budget was going to have on the sustainability of third sector organisations in that area.

The Scottish Council for Voluntary Organisations has also done some research to look at the running costs crisis and how that has impacted the sustainability of charities across Scotland. We know from the research that we have done with the Scottish Women's Budget Group, and also from the Poverty and Inequality Commission, that third-sector organisations have been absolutely critical in keeping people afloat during this crisis. If we see financial support being removed from those organisations, that will have a knock-on effect in terms of the financial sustainability of households. So, a critical point that we would ask local authorities is to make sure that they are delivering sustainable funding models for the third sector in their area.

There is another role, which I think picks up on Ms Jardine's point, about working together. So, local authorities need to make sure that they are a point of access to direct people towards services that are provided by both the UK Government and the Scottish Government.

We know that right now we do not necessarily have as much uptake of benefits as there should be. There is a role for local authorities in making sure that they are directing people to support. Of course that then looks to the UK Government's budget and the Scottish Government's budget, and the support that they are giving local authorities. So, it is very difficult to think about local authorities in isolation from the wider financial situation that we see at both Scottish Government level and UK Government level.

- Q38 **Wendy Chamberlain:** Absolutely. From a rural perspective that cost of travel to benefit centres to get support with systems—potentially, people only really want to go to the DWP or jobcentre when they need to, or when they are required to as part of the conditionality. I know that funding for CAB exists in Levenmouth foodbank, for example. Although it



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is not in my constituency, it is supporting people in my constituency, and it is really important to give that support.

With my second question, I will move on and come to Heather. We have already talked a little bit about the energy companies. What more do we want to see energy companies do, whether it is on prepayment, on oil costs or on identifying vulnerable customers? This isn't just about Government; we need the energy companies to be stepping up.

Heather Williams: We were talking about this before we came in. Ultimately, I suppose it depends on your perspective on the system, in terms of whether the current system of privatised energy companies is actually one that works for the greater good, basically.

We certainly know from experience elsewhere that where that is not the situation, there can potentially be greater fairness. We could get in a conversation about capitalist systems, and who they work for and who they do not work for. Ultimately, however, Frazer mentioned the word "fair". Is it fair that we have energy companies that are publishing massive profits and we have people within our communities who are not turning their heating on and who are not feeding themselves? Is that fair? I suppose that for me that does not sit there as fairness.

Q39 **Wendy Chamberlain:** So, beyond potentially looking for the new First Minister to restart the green energy company that was previously proposed, Frazer, on those topics what other things would you want to see on prepayment meters etc.?

Frazer Scott: For me, the big goal right now is that there needs to be a social tariff—a fundamentally fairer tariff for those on the lowest incomes. And we need to find the transition from where we are today till we get to that point, because it isn't going to arrive tomorrow but it needs to be a direction of travel that we have. Now, that social tariff could support many households and provide a fairer base for low-income vulnerable people. That would be a considerable step forward from where we are today.

Q40 **Wendy Chamberlain:** Is there appetite for that, do you think?

Frazer Scott: I believe there is appetite for that. I think we've got a concept that there is general agreement around—a social tariff. However, it will always be about the detail and who would be eligible to receive such a thing, and what level it would be set at, but the concept seems to be widely accepted as being the right move.

Now, absolutely let's go there and get it to a point where it is fundamentally a fairer approach, and it has the most vulnerable people in society being supported through that particular mechanism.

Beyond that, there is the whole issue about our energy system and whether it works or doesn't work. I believe that it is fundamentally broken, but right now I want to see an important fix put in place for the most vulnerable of people. I want to make sure that we save as many lives as we can, rather than waiting for things that may or may not ever come to pass.



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The profits of oil and gas companies are obscene and excessive, without a doubt, but energy retail suppliers are not necessarily part of the same level of profiteering that you have seen in the oil and gas industry. It is just that we have a system that does not have fairness at its heart. It is fundamentally not working, and I think the crisis that we are in right now has simply shown it for what it is, because the impact that this is having on the lives of ordinary people—people with vulnerabilities, low-income households—is absolutely devastating; it is absolutely staggering. Our nation is in crisis, yet I don't believe we have had the right level of crisis response.

Wendy Chamberlain: Thank you very much. Thank you, Chair.

Chair: Thank you all for getting this inquiry off to a very stimulating and interesting start. I am sure that there are other things that you would like to contribute as this inquiry goes on, so please feel free. If there is anything further that you feel you might want to share with this Committee, we are always open to further suggestions and other proposals. But, for now, we will move to our second panel, please.

Examination of Witnesses

Witnesses: Professor David Bell, Chris Birt and Professor Hugo van Woerden.

Q41 **Chair:** We now resume the Scottish Affairs Committee's inquiry into the cost of living impact on rural communities in Scotland with our second oral evidence panel. We will start with you, Professor Bell. Just tell us who you are and who you represent. We will forgo the short introductory statements because it should be covered in the questions.

Professor Bell: That is fine. My name is David Bell. I am a professor of economics at the University of Stirling, but I am here representing the Royal Society of Edinburgh.

Q42 **Chair:** Thank you. Mr Birt?

Chris Birt: My name is Chris Birt. I am the associate director for Scotland for the Joseph Rowntree Foundation.

Q43 **Chair:** Excellent. And lastly, Professor van Woerden?

Professor van Woerden: Thank you very much for the opportunity to be here. I am representing the University of the Highlands and Islands.

Q44 **Chair:** Excellent. Thank you all very much for your very concise introductions. Just to get started, this is our first session today. We have received quite a number of pieces of written evidence on this issue. Could we just get your own views about the peculiarities and specific challenges of the cost of living crisis in remote areas? I will start with you, Professor Bell, given that you are with us in the room.

Professor Bell: Thank you, Chair. There is a general problem, in the sense that there are many costs that are higher, which rural communities in Scotland face. And we may come back to this, but we have to be



careful about the definition of what we mean by rural, because there are different gradations of that.

They face a set of challenges, which are around general issues such as the cost of transport, the cost of everyday goods, and so on. Those are the sorts of challenges that probably are faced across many other parts of the UK as well. Recently, however, we have seen in particular a huge set of challenges associated with energy and the cost of energy. Those are exacerbated by a set of circumstances that particularly affect rural parts of Scotland—the costs, the lack of connection to the gas grid, and the fact that detached dwellings are a much more common form of occupancy in rural areas and that access to relatively cheap forms of energy available to most of the population in semi-rural or urban settings is just not available.

- Q45 **Chair:** Even in Scotland, different and distinct areas of Scotland are more proportionately impacted than others. Perhaps you can give us a sense of what they are and which ones are particularly exacerbated by the cost of living crisis.

Professor Bell: Rural Scotland, or what is called remote rural Scotland, where people have a 30-minute journey to reach some reasonably sized centre of population, is largely in the south—Dumfries and Galloway, the Borders and so on—and, moving north of Perth, in the Highlands and Islands. You then get into the very remote parts of the Highlands, such as the part that I come from, which is Sutherland, where the density of population is six people per square mile, which is one of the least dense parts of Europe, in fact. In those areas, transport is always a challenge, and getting energy to them is a huge challenge—or getting it at reasonable cost.

- Q46 **Chair:** Thank you. Mr Birt, this question is for you—basically, it is the same question. In your view, what are the particular and unique challenges to rural Scotland of things like the cost of living? When you examine the range of Government support schemes in place, how effective are they? How well are they doing?

Chris Birt: I will not repeat too much of what David said, which I totally agree with. In rural Scotland—even in Perth and Kinross where I live, in that single local authority area—we have wide variation in housing, energy and food costs. All are things we have seen a spike in across the general population in the cost of living crisis, but they are having a particular impact in rural areas.

We have to get to the fundamentals of some of the issues. While there is UK Government support in particular on spikes in energy prices, as well as the additional bits of smaller support given by the Scottish Government, fundamentally, we have an inadequate social security system in the UK that leaves people literally in the cold when we face challenges such as the one we have now, when inflation has pushed up the price of food and of energy, which we all need.

We face extremely difficult times as a country—a genuine crisis—and longer-term issues are now coming home to roost. It is undeniably a bit



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more expensive to provide energy infrastructure, public transport, broadband connections and so on to more rural areas, but is it impossible? No, of course it is not. We are now often talking about putting sticking plasters over longer-term issues, which had we put in the investment to fix, we would not now be in the mess we are in, and which we are destined to repeat if we do not take on some of the longer-term issues.

- Q47 **Chair:** Thank you. Professor van Woerden, you are from the research community. Do you think there is a significant body of research that the UK Government and the Scottish Government take cognisance of when it comes to developing social policy and approaches to rural areas?

Professor van Woerden: I think there is certainly an opportunity to take more cognisance of the available evidence and to commission pieces of evidence in relation to proposed policy when it is at a relatively early developmental stage. It would be quite easy to reach out and get a bit of advice or a bit of work done to inform policy development at an early developmental stage.

- Q48 **Chair:** Would that be reflected in a universal approach, as we have seen with certain of the benefits and schemes that have come from the UK Government, or a more targeted approach? Do you think we are getting the balance right just now, given that there are obviously distinct issues when it comes to things like geography, weather and conditions in rural Scotland?

Professor van Woerden: I think there is a strong case, which has been made by many people internationally, for a greater targeting of funding in relation to the variable effects of a particular problem if you are looking at transport, housing, heating, access to health services, employment opportunities or, in a Scottish context, things like fishing policy and crofting legislation. The Islands have particular additional costs associated with them. At the moment, I don't think that a lot of Government policy responds to the cost escalator with increasing rurality.

- Q49 **Chair:** Professor Bell, on the body of research that is available to people like you and the Royal Society, do we know enough about what we need to do when it comes to looking at issues surrounding rural Scotland, particularly when there are challenges and pressures such as these?

Professor Bell: Let me make a nerdy point. For quite a while, Scotland has relied on what are called data zones—Scotland comprises, I think, about 6,000 of them. We have quite a lot of data on very compact areas in urban Scotland of 600 people—it might be along a street—but think of Sutherland, with six people per square mile. To get 600 people, you have to have a 10 mile by 10 mile square. You get huge variation: you might get some very rich people and some poor people living within that 10 mile square. Getting the data is a challenge in rural areas. It is important that the results of the census are published soon, and that people are given access to those kinds of data to give us a more rounded picture of exactly what is going on in rural Scotland.

Chair: I see we have piqued Christine Jardine's interest.



- Q50 Christine Jardine:** Yes. On that point, the previous panel talked a lot about the need for data. How serious are the problems caused by the lack of good, reliable data in Scotland from the last census going to be? Going forward, how difficult is that going to make providing the sort of support you are talking about?

Professor Bell: It is regrettable that we did not have a census in 2021. What we are seeing partially replacing the census is data from administrative sources. We have a lot of very small-area data on benefits, for example, and quite a lot on health, but it is a bit patchy. One of the areas we do not know that much about is incomes on a very small area, and obviously that is very important. One of the key issues for rural Scotland—indeed, anywhere rural in the UK—is the seasonality of income. There are often periods of the year when incomes are very, very low, and then they are made up later, but tracking that is extremely difficult.

Chair: Excellent. I call Deidre Brock.

- Q51 Deidre Brock:** Thank you, Chair. Further to that point, Professor Bell, we heard from the previous witnesses about the difficulties experienced in data sharing between public bodies, and the problems that can create. I just wondered about how GDPR might affect data collection.

Professor Bell: I think GDPR is quite important, but there are also specific bits of legislation that cover the data held by different institutions, such as HMRC, which has become much better at sharing data in recent years. There is a push to have more administrative data so they are finding ways around GDPR, but compared to Scandinavian countries, where there is a sort of registration system and everything that follows from that, we have not exploited all the opportunities that may be there.

- Q52 Deidre Brock:** I'm sorry but I am not familiar with that registration system. Will you expand on that a little?

Professor Bell: You have to register where you live and then a whole lot of things follow from that, so anything that is recorded relative to you is also linked back to that registration, and therefore you can pull that data. In countries like Denmark, access to that kind of data is far more successful, let me say, than it is here.

- Q53 Deidre Brock:** Interesting—in Germany too, my colleague tells me. In the RSE's contribution, I noticed you were querying how effectively the UK and Scottish Governments had worked together to co-ordinate and provide support in relation to the cost of living for the people of Scotland. You also made it clear that it wasn't clear whether the UK Government consulted the devolved Administrations regarding the cost of living support package. Could you expand a little bit on what you found?

Professor Bell: I guess the issue of consultation seems to be something that intergovernmental relations should give some cognisance to. The particular issue is clouded by the fact that there are non-governmental agencies involved, such as Ofgem, which is operating at a UK level. Targeting has been discussed in previous responses, and clearly you might want to target people who are in some form of disadvantage. Although



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there is a strong case for doing that, once you go down that route, you can end up with policies that become very complicated, so I suppose the UK Government would argue, "Let's just keep it simple; let's try to be uniform," but that creates losers as well as those who may have particularly benefited from, say, the energy support schemes.

- Q54 **Deidre Brock:** Mr Birt, what is your view on that? Clearly, the RSE has established that the UK Government did not appear to consult the devolved Administrations on the cost of living support package. In your view, has that resulted in shortcomings?

Chris Birt: I think Frazer, in your previous panel, talked about one of the systems where take-up was lower. You asked, "How do you get people to take those up more?" I think it comes back to what he said: its failure in design is that we are currently often creating systems for the administrative ease of the services delivering them, rather than in consultation with and on behalf of the people we are trying to support.

I spoke to the Committee a couple of years ago, when it looked at the social security system and how both the UK and Scottish Government systems operated. Again, we still have two nigh-on parallel systems where we know there will be low take-up of some of the supports, because an individual would need an Enigma machine to understand what support is there for them. People are put off; they are stigmatised by the support anyway, and then it is incredible complex to get particular types of support.

The systems don't speak to each other. When they do, like with the full roll-out of the Scottish child payment, the Governments spend a lot of time bickering about what they can and can't share, and over issues that are not as logistical as they are made out to be. It is just politics. There are, of course, legal issues that Governments have to agree, but there needs to be a culture and a will of working together to the benefit of the end user rather than the respective systems.

- Q55 **Deidre Brock:** Of course. With the benefits we looked at when you appeared in front of us previously, there were issues over the release of information about children up to the age of 16, I think, that might be in receipt of the Scottish child payment and the fact that the DWP took a long time to establish that it was comfortable with that information being shared with the Scottish Government. That is my recollection. Is that correct?

Chris Birt: Yes, that's right. I think fundamentally that comes back to the point that if you are an individual looking for this support, you do not really give a monkey's where the data is held and all those kinds of things; you just want it to be as easy as possible, so that you can keep the lights on.

- Q56 **Deidre Brock:** Professor van Woerden, the Scotland Office's written contribution says, "It should also be noted that there are generally lower levels of poverty and deprivation in rural areas of Scotland when compared with non-rural areas. As such, measures implemented with the



intent of supporting those on lower incomes with the cost of living may not find high eligibility in rural areas of Scotland.” Is that something that you recognise? How do we get around that and do more effective targeting to ensure support reaches those who need it? That is something that previous witnesses have expressed great concern about.

Professor van Woerden: There’s a distribution. As you go into semi-rural, you tend to have quite a lot of affluence. Then as you get more and more rural, you tend to get higher and higher levels of deprivation of different types, and increased costs. The difficulty is that when you make a simplistic split between rural and urban, urban can look much better than you would expect. The key is the sophistication to look at different degrees of rurality in any metric that is being assessed. It is very clear normally in a lot of metrics that as you move to very remote and rural areas, costs go up and average incomes tend to be lower. There are a lot of factors—access to services, for example—that are much more difficult.

Professor Bell: I agree. The semi-rural areas are largely quite affluent. They are more affluent on average than the cities. It is these remote rural areas. This is where you end up having a clash of definitions. That is something that has to be dealt with sensitively.

Chris Birt: Yes. It is interesting. I have seen the response from the lived experience panel of the Poverty and Inequality Commission in Scotland. They raised some issues around a particular premium for rural areas due to some of those costs. Being able to have a detailed understanding, even within fairly small geographic areas, of how unique the circumstances from household to household will be does lead to inevitable trade-offs. I am not sure we have that trade-off quite right at the moment.

Q57 **Deidre Brock:** Can I ask about the winter heating payment? Some are getting less on average from that, but something like 200,000 people are getting more on average. That data seems to be quite specifically spread further across Scotland. There is obviously a big increase in the amount of money available. I think £8.3 million was paid out annually through the old cold weather payment from the UK Government. The Scottish Government is investing around £20 million a year. Is that an example of where they are making good use of the data to ensure we have a greater spread of payments throughout the rural communities of Scotland? Is that the case, as far as you are aware?

Professor Bell: That is not something I am fully aware of. One small point that I would make, which does not relate to my part of the world, goes back to the fact that a much larger proportion of the properties in remote, rural Scotland are detached. Also, the factor that drives down average temperatures within houses most severely is driven rain, and the north-west coast particularly suffers from that, so there is a tendency for houses in that area to use lots and lots of energy just to maintain the same level of temperature.

Deidre Brock: That was something mentioned in the RSE’s contribution to the Committee—I commend it actually, as it was an interesting read.



Thank you.

- Q58 Chair:** I am interested in the idea of the breakdown of rural communities. You helped us before in an inquiry we did, preceding the one Mr Birt helped us with. We looked at the demography and population in Scotland, and we came to a conclusion that, if we look at particularly hard-stretched areas, Argyll came out as one of the worst impacted, then the Western Isles. We assume rural parts of my Perthshire constituency, or Aberdeenshire perhaps, to be that bit better off on the rural spectrum. Have we been getting this all wrong? Do we need to break down what we mean by the rural community and economy a bit more than we do now?

Professor Bell: The James Hutton Institute has done a lot of good work on this. If the Committee wants, I will send in some of it. It tends to be about things like access to services—how close the nearest doctor's surgery is—or a centre of population that you might reasonably expect to have a supermarket. Can you access that within half an hour? If you cannot, you are at that highest level of rurality, as it is defined.

One other thing is that, as an economist, I often think that the higher costs that these areas face would be offset by lower housing costs because people are not so keen on going there. I do not think that that applies quite so much as it used to, partly because of the growth in second homes and partly because of the extension of Airbnb and things like that, which is understandable in a sense. The cheaper housing advantage has gone, and then it becomes almost impossible for younger people to get into affordable housing in those areas, so you end up with an older and older population.

Chair: That is really interesting.

- Q59 David Duguid:** Funnily enough, you have just answered the question I was going to ask. The Chair pointed to Aberdeenshire—which my constituency, Banff and Buchan, is part of—as an example: Aberdeenshire tends to be seen as fairly affluent, but it has stark areas of deprivation, including Peterhead in my constituency, which is Aberdeenshire's largest town. Perhaps you could go into a bit more detail. We heard earlier, for example, that the definition of fuel poverty is based on 10% or more of income being spent on energy, but the previous witnesses commented that more account should be taken of outgoings as well. Will you say a bit more on that? How much of those outgoings are related to housing costs? Will you expand a bit more on what you said a minute ago about how that has changed in recent years? What should we be doing about it?

Professor Bell: The outgoings are important. The table in our paper demonstrates the difference in the number of kilowatt-hours used per annum across the different local authorities, including Aberdeenshire and so on. That means differences in outgoings to a large extent. That is partly caused by the lack of access to the gas grid, and therefore an increased use of electricity as a heating source. Another major difference is transport costs: the fact that you pretty much have to have a car because public



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transport is much less frequent and convenient. Those are two major ones.

There are differences. The Loughborough University paper—I can send it to the Committee—details, across the range for different types of household, the additional costs they face. Energy and transport are two that I would highlight.

Chair: Thank you. We shall move on to Sally-Ann Hart.

- Q60 **Sally-Ann Hart:** Just picking up on the cost of living, Professor Bell, looking at rural and remote areas of Scotland, you said that transport and heating costs are higher, but rent and mortgage costs may be lower, although that might not be the case anymore. How much does it cost to have a good standard of living in a remote area of Scotland? What do you think is the minimum? Obviously, it depends on children and other things.

Professor Bell: I suppose it partly depends on what you want to count in standard of living. If you want to say that my life is enhanced by having low crime rates, it is probably true that you are going to have lower crime rates in remote rural Scotland than elsewhere. The Loughborough research showed that to get the same material standard of living, which is somewhat distinct, the number is about a 20% higher income. That is the sort of number that was being played with.

Sally-Ann Hart: Twenty per cent. above the minimum income—the median or the mean?

Professor Bell: No, sorry—urban as opposed to rural.

Sally-Ann Hart: Urban Scotland, as opposed to urban UK?

Professor Bell: Yes, this was all Scotland.

- Q61 **Sally-Ann Hart:** You are an economist. I don't know whether you have done the figures, or whether Loughborough did, but roughly how many people in rural areas of Scotland currently can't afford a good, decent or acceptable standard of living?

Professor Bell: One of the figures we included in the report was quite frightening. It was the increase in the energy price cap that has been announced. Whatever happens in the Budget, the expectation is that around 57% of people in remote rural Scotland would be paying more than 10% of their income towards energy costs. Those are Scottish Government figures—I don't know exactly the basis of them—but I venture to say that they are quite worrying.

Sally-Ann Hart: Thank you. Mr Birt, do you want to come in on that?

Chris Birt: Sure. To go back to the research that Loughborough did to produce the so-called minimum income standard, the way that was produced was basically to have groups of peers sit down and agree what a decent standard of living is. It is intentionally set above the relative poverty line, and it includes the basic things such as whether your



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children—if you have them—are able to participate in group activities with their friends outside school. As Professor Bell mentioned, Loughborough did specific bits of research on mainland rural areas of Scotland and island communities in Scotland, and looked at the additional cost. They didn't look into energy in great detail, but transport was one of those much higher costs because people have to rely on cars. There hasn't been a study of how many people in rural areas fall beneath that, although that has been done for the broader population.

It is also worth bearing in mind that JRF published a bit of research today that looks at a much lower level of income for people—what we are calling essentials. It is really about the basics: things like food, heating, simple clothing and washing-up liquid. We calculate that for a single-person household it is about £120 a week, and for a couple it is about £200 a week. The standard allowances of universal credit are currently wildly below that level—£85 for single people and about £130 for couples.

In rural areas, you then need to add on the additional cost of, say, solid fuel or heating oil, compared with the average dual fuel cost for a home. I think you will see rural households in Scotland—particularly those that have to rely on the social security system—falling well short of even the level of income that would allow them to follow a very basic standard of living, never mind the decent one that we all expect.

Sally-Ann Hart: Thank you, Mr Birt. Just moving over to Professor van Woerden—how is it pronounced?

Professor van Woerden: It honestly doesn't matter.

- Q62 **Sally-Ann Hart:** We know that poor housing, poorly heated homes and the quality and standard of living can have an impact on people's health. Do you have any data on the health disparities between remote rural areas of Scotland and semi-rural or urban areas?

Professor van Woerden: The only bit that I put in our written response is that we have done some research on loneliness and social isolation, particularly among older people. There are more older people in rural areas in Scotland than in urban areas. As you go into very remote rural areas, you see increased loneliness and social isolation. That is one specific type of issue. If you are looking for specific data, I can try to dig some stuff out and come back to you.

- Q63 **Sally-Ann Hart:** It might be worth doing that, because obviously health disparities have an impact on local populations. It is to do with deprivation, disadvantage, the cost of living and so on.

Professor van Woerden: It is a difficult topic. I know it a bit. I was a rural GP—I was a GP in Mallaig on the west coast for five years. I now live in Inverness, which is more urban. There was a famous paper a long time ago that showed that even for greenstick fractures of arms in children, which are a very objective measure, the further you are away from an A&E department, the less likely you are to have that diagnosis made. People



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living in remote and rural areas often present less and later with serious health conditions.

The journey of referral into specialist care is more problematic. Take somebody who has a condition that requires open-heart surgery. If they live across the road from a teaching hospital in London, they could be in theatre within minutes, half an hour or an hour of going into an A&E department. In Mallaig, I was three hours from the nearest district general hospital for obstetric care. We could use helicopters. We used to use the RAF helicopter sometimes for things like divers' bends.

I guess what I am saying is that living in a more remote and rural area has an effect on access to healthcare. Therefore, the more complex the health condition, the less easy it is to access that. For example, I had a child with congenital heart disease who required heart surgery and had to travel down to London regularly from Mallaig. You can imagine that that care is much more difficult to deliver at the same quality than it is for a child who lives half a mile from a large London teaching hospital.

- Q64 **Sally-Ann Hart:** Thank you. I am going to move on to connectivity. Mr Birt, in your experience, are people in rural communities aware of the financial support available to them? Do you know of any research that has been done on this topic?

Chris Birt: I am not at present aware of any research done on this topic, although that is not to say that there isn't any. I mentioned to your Clerk when we were preparing for this session that we are about to run a second round of a cost of living survey, similar to one that we did at the end of last year, partly to see the impact over this winter.

- Q65 **Sally-Ann Hart:** How do you run that? Is that digital? Is it online?

Chris Birt: It is, yes. One of the things that we will add into that is a much more careful marker of urban and rural classifications, so that we can start to draw out some of the issues that we have talked about, such as the things that Hugo mentioned, including access to NHS services.

As I have said, I will write to the Committee to provide that data, once we have it in the next couple of months.

- Q66 **Sally-Ann Hart:** Thank you. Just picking up there on digital connectivity, in my patch—rural East Sussex, which is very rural and quite cut-off for the south-east or for England—we have 98.1% superfast broadband roll-out. I am comparing that with some of the more rural areas of Scotland. For example, in the highland area superfast is 83.9% and on Orkney it is 66.5%. It is obviously the case that the more rural and remote you are, the less digital connectivity you have.

Is that an issue for people living in rural communities when it comes to accessing or finding out about support and information about the cost of living? I will come to you first, Professor Bell.

Professor Bell: Yes; I have direct experience of this. Partly, there are initiatives around extending superfast broadband, but physically making it



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happen seems to be a problem. As a business, ordering and then taking the order through to fruition seems to be an issue. Quite a lot of places in remote rural Sutherland are looking at satellite connections, hoping that the price of those will come down and provide effective competition against land-based services.

Q67 Sally-Ann Hart: Do you think the UK Government could do more to support people who must travel long distances to access the internet or get advice? Is that something to consider?

Professor Bell: It depends what they are travelling for. If you want to encourage people to work in remote rural Scotland, obviously having a service provided in the home or very close to the home is to be encouraged. It seems to me that even that will not happen unless access to other services is available.

If you want to take your family and enjoy some of our marvellous scenery, and manage to get a good internet connection, that in itself is not sufficient, because you are thinking about your family and all the services they might also want to access.

To actually set up, it is probably an important condition, but it will not be the only condition.

Sally-Ann Hart: Thank you. Mr Birt or Professor van Woerden, would you like to add anything?

Professor van Woerden: The highland percentage is misleading, because it really is the urban parts of that area that have received superfast broadband, as opposed to the rural parts.

Sally-Ann Hart: There is a lack of granular data. I think that is applicable throughout the UK.

Chris Birt: On the connectivity point, Professor Bell has talked about the fact that technology is such that we do not need to channel broadband in the same way to very remote areas as we might have done with technology a few years ago. Looking at different methods is important.

Your point about service provision to remote areas is really important. Take, for example, somebody who is on universal credit and has to speak to people in Jobcentre Plus. Making people travel a long way, perhaps just because of people being, frankly, overly bearing on claimants, but also because people do not have a reliable connection, is obviously unfair and something that the DWP should look at—I am sure they do in pockets—as a sensible change that would benefit them as a service provider and the service user.

Sally-Ann Hart: Thank you. I have no further questions.

Q68 Dr Whitford: Let me start with you, Mr Birt. I will follow on from my colleague, who was talking about digital availability and connectivity to access services. How much is it a problem for an organisation like yours,



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when you are trying to collect qualitative and quantitative data, to actually do the research on the cost of living in rural areas? Generally, what are the challenges to getting good information? A lot of things are just based on estimates and assumptions; we hear about the smoothing out of, and making assumptions about, data in an area, rather than getting the granularity that has been mentioned.

Chris Birt: In some ways, covid has helped us with this in that it has forced more people to become au fait with basic online communication. During the pandemic, we saw efforts through the Connected Scotland scheme to ensure that low-income families with children had access to devices and, crucially, to connectivity, so that their children could still take part in education. Obviously, that also allows parents to connect to services.

From our perspective, it makes it easier for some people to engage in research, because we are often trying to draw on the time of people who have 1,000 different plates spinning; and, frankly, somebody coming along with a clipboard is not the most welcome thing in the world. Being able to log in from your sofa while you are looking after your kids is a better way to do it.

We always have to be mindful of the price of connectivity—not just of devices. We have to be mindful particularly of older people who may not be as able to use digital connectivity, or people with disabilities of various types that might make it harder. Particularly when we look at issues around access to services for those with a disability, it is crucial that there are different options available for households and that people are mindful of that, because it is too often forgotten about.

Q69 Dr Whitford: So it is not just about the equipment and the connectivity, but also the digital skills and literacy to use it, particularly if someone is in either a circumstance or an area where they did not have that equipment or access before. As you say, hopefully covid has lifted some of that, but I suppose all organisations need to remember the full range.

Chris Birt: We often see it through the prism of being a problem in the sense that some people cannot access it, but we should also say that it offers flexibility for people that was not there before. When you are trying to get to a job that does not have nine-to-five hours, when your children are going to childcare, or when you have to rely on social care or carers who come at different times, being able to quickly access things via digital methods—as long as they are simple and do not require a load of hardware—can be positive as well.

Q70 Dr Whitford: To what extent are researchers in groups like yours able to feed their findings into UK Government decisions, particularly around support for the cost of living, whether that is through baseline benefits or the particular schemes we have seen? Do you find that you can feed your findings in and that Governments are actually listening?

Chris Birt: We have good working relationships with officials in the UK Government and with Ministers. I am sure you would suggest I was lying if



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I said I thought the UK Government had responded to all our suggestions, but, as I said earlier, clearly the scale of the investment that the UK Government have put into responding to the cost of living crisis is by any measure large; it would be unfair to say otherwise. As I think you would expect me to say, it has not been wide enough, but from an engagement perspective it is good.

- Q71 **Dr Whitford:** What about from the point of view of targeting? That was a theme that came out in the earlier panel. Has money been spent on people who did not need it, and that maybe would have gone further with targeting? Did the JRF feed in any suggestions on that?

Chris Birt: Whatever you may think of universal credit, it provides a good tool for targeting money at low-income households. For example, the council tax rebate was just a missed opportunity. The social security system is there, and we should use it. It targets people. The good thing about the payments that have been made in the last year or so is that they have just gone into people's accounts, because they are already within the universal credit system. Sometimes it is best not to overthink it. People are already engaged in systems, and payments can be made automatically, so do it that way. It sometimes felt like a bit of a struggle to win that argument, but we ultimately did; the UK Government listened and that is a good thing.

Professor Bell: Briefly, on the question you raised earlier, I was part of a study during covid that was funded by the Economic and Social Research Council. We made quite a lot of the findings widely available. The study was called HAGIS—Healthy AGEing in Scotland. We recognised that people who did not have access to broadband or the internet would have no access to our online survey. We did not assume that the characteristics of those who could not get online were the same as those who could, so we had to make adjustments. Then we were in the space of interviewing them, which was particularly difficult after covid and particularly expensive—and particularly expensive in remote rural areas. It is very difficult to pick up authoritative data on that group who have not got access to the internet.

- Q72 **Dr Whitford:** Obviously the thrust is how difficult it is to get the data. But then it is about how much researchers feel they are able to feed it into the UK and Scottish Governments, and how much they feel they are being listened to in the decisions that are made.

Professor Bell: Sure. The Economic and Social Research Council puts a big emphasis on impact, so we try to feed into the relevant channels where we can.

- Q73 **Dr Whitford:** Do you feel listened to by the Government, up to a point?

Professor Bell: I have been a little bit distant from it, so I would not come to a judgment on that.

- Q74 **Dr Whitford:** Professor van Woerden, do you have anything to add? You mentioned loneliness and isolation, which strikes me as an incredibly



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granular theme to try and collect data on. How were you trying to do that in rural populations?

Professor van Woerden: Because I worked for NHS Highland as the director of public health at the time, we had data on every house there. We were therefore able to do a random sample that was genuinely stratified by that, and to boost the sample for particular rural areas to give us better data on remote and rural areas.

To add one other thing, I think administrative datasets are poor for very marginalised groups in society, such as Travelling communities and homeless communities, as well as the refugee and asylum seeker community. I sometimes worry a little about the extrapolation of administrative data to those groups. I think one just has to accept that research for remote and rural questions costs a lot more. As long as that case can be made and heard, it can be done.

Q75 **Dr Whitford:** Do those groups get left out of the census as well, if they do not have a fixed address, so even the census data would not cover them?

Professor van Woerden: Yes, that is absolutely true, as with people with mild learning difficulties, for example, for whom filling in forms is difficult. We know that in deprived communities literacy is lower, and it is often embarrassing to say that an individual has a literacy issue. That can lead to disadvantage and to those people not being collected in data.

Q76 **Christine Jardine:** Thank you. I will go back very briefly to something Professor Bell said, which reminded me of what the Chair said at the beginning of the session about perhaps having the paradigm wrong. Professor Bell mentioned the fact that in some rural areas of Scotland it takes a 20% higher income to have the same standard of living. That reminded me of when I worked at Highlands and Islands Enterprise. We did a big study.

The major problem then was the lack of high-quality employment and further education, which the University of the Highlands and Islands addressed. It all comes back to the cost of living crisis, and the energy comes back to a lack of investment and development in the Highlands and Islands. It is a different problem from Aberdeenshire. In Aberdeenshire it costs more because the oil industry inflated the house prices, but not the salaries for everyone outside the oil industry, but in the Highlands there is a shortage of high-quality employment. We need investment throughout the Highlands, which would help us deal with the problems we are talking about today.

Professor Bell: Sure. The cost of living is a cost that can be met much more easily if the income is higher. There is just no question about that. The question about getting high-quality jobs is a perennial one for the Highlands. We know that Inverness has expanded rapidly. The Highlands overall does not have levels of income on average that you would classify as poor, but that is largely because of the concentration of the population



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around Inverness and high incomes in that area. The rest of the Highlands is much more difficult in terms of messages that increase incomes.

There has been a huge increase in distilling, but that does not employ all that many people. There has been a lot of increase in salmon farming; again, that does not employ that many people. Tourism could be expanded quite a lot if there was more investment in that area. That increasingly seems to be producing year-round jobs; one of its problems was the seasonality associated with it. The inability of young people to access housing is partly due to their incomes being relatively low, and then you have the knock-on effect of an ageing population.

To give you one statistic on that, Sutherland has 12 primary schools.¹ In 2020, 60 children were born in Sutherland. That means that the introductory class size on average will be five. That is not viable in the long term, so you have to find ways of getting more young people into the area, getting them better jobs and making more of the population have incomes that mean they are above this minimum income standard.

Q77 Christine Jardine: In an area that I know particularly well in Easter Ross, one family left the village; they had three children, and the primary school was immediately under threat. It is a problem. What I was getting at is that if we are really going to attack the cost of living and not have the same problems again, we have to look at it in a holistic sense and deal with much more than simply the current energy crisis.

Professor Bell: The energy issue is quite an interesting one. We have an energy market in which the price of energy is determined by the marginal cost of the most expensive provider, which at the moment is gas. That means that people in the Highlands, who have on average higher consumption levels than the rest of the country, are paying at that higher rate when, in that part of the country, the average cost of the production of energy is way below that.

I heard some statistics about the amount of CO₂ produced per kilowatt-hour of production across the whole UK on 21 February. In northern Scotland—it is more than just the Highlands; it is basically everywhere north of Perth—there is only 2 grams per kilowatt-hour. In south-west England, it is something like 250 grams. We are producing masses of renewable energy at low cost, and then charging people in the Highlands a very high cost for that. This is the kind of energy we want to promote, so all that seems a little bit wrongheaded.

Christine Jardine: Do either Professor van Woerden or Mr Birt want to add anything?

Professor van Woerden: I am not an expert in this area, but the economist in me wants to comment. I think energy prices are calculated using a fixed relationship between gas and electricity. At a UK level, the

¹ Professor Bell CBE has informed the Committee that there are sixteen primary schools in Sutherland, rather than twelve.

pricing infrastructure for all forms of energy needs fundamentally rethought.

Chris Birt: The thing I would ask is, how long is it sustainable for people in rural areas of Scotland to see energy being produced around them, in a way that is carbon neutral, as it should be, and yet they will be paying through the nose for the price of fossil fuels? That is not sustainable, in my view.

The other thing to add is that in rural areas there is a deep concentration of work, particularly for women, in industries that have very low pay. Remote rural areas see some of the lowest levels of pay among women, which again is not sustainable for retaining people within those communities, because people will have to move to be able to get a decent income. As you say, the underlying economics need to change, as well as looking at ways of reducing costs for remote households.

Christine Jardine: Thank you.

Q78 **Chair:** I just want to confirm: is it the case that Scotland has the highest levels of fuel poverty in the whole of Europe, and the Highlands has the highest levels of fuel poverty in Scotland and the United Kingdom? I have seen something about that in my brief. Let me check the source; it says, "Argyll and Bute Third Sector Interface". Is that reliable? Are we right to assume that as we start this inquiry?

Professor Bell: I would have to come back to you to confirm that. I can think of reasons why that might be true, in that we have one of the most unequal distributions of income in the first place and quite high energy costs, but I do not want to commit. Maybe the other panellists have a view.

Chair: I think it would be something we would have to test fundamentally as we progress with the inquiry. Do either of our other guests have an opinion on that?

Professor van Woerden: The issue we have not touched on is the insulation of homes. In other words, it is the ratio between the effectiveness of the insulation of your home and the weather and so on that determines fuel costs. Across Europe, there has been a lot more investment in bringing up the average standard of insulation in homes, and there might well be a case for considering how the average housing across rural areas could be brought up to a higher standard of energy efficiency.

Chair: I know you want to come in Mr Birt, but I will add this point: I know we sometimes have awful weather conditions in Scotland, but we don't have the worst in Europe by any stretch of the imagination, do we?

Chris Birt: No, I think Hugo is absolutely right. The other issue is energy efficiency of housing. We talk about installation of heat pumps as a non-carbon means of heating people's homes, but if your home is not well insulated, that is a waste of money. That is another thing, a bit like energy

production, particularly given by this crisis that can hopefully spark a bit of an acceleration of retrofitting existing homes and ensuring that new homes that are built do not have these long-term problems baked into them.

- Q79 **Douglas Ross:** Thank you to our witnesses. Just to pick up on that, I raised the issue of area-based schemes with the previous panel. Based on what you have all just said about the importance of energy efficiency in our homes, why are we seeing the Scottish Government allocating significant funds—£64 million in the financial year 2021-22—to area-based schemes to help people improve the energy efficiency in their homes, yet less than half of that has been spent? There is a clearly a demand and a need, so why are Government not getting this money out?

Professor Bell: I really don't know the answer to that question. That is not something I have followed but I obviously agree with the panellists that there is importance in getting the insulation out there. I am not familiar with the ins and outs of running the scheme; I think the two other panellists are indicating that they are.

Douglas Ross: Mr Birt?

Chris Birt: I would not claim to be an expert—Frazer Scott, who was on previously, would certainly be one of the people to listen to—but the core of the question is correct. We also need to go further. As part of this crisis, we should see vans in every street putting insulation into people's homes.

I also think that one of the issues is the complexity of the systems that individuals have to negotiate. There are the different eligibility criteria. Who do you have to go to? Is it the energy-saving services at your local council? Again, how do you make it easy for individuals to link into those systems? It goes back to local government, the Scottish Government and the UK Government making the schemes as successful as possible, because it just is not acceptable for this money to be left on the shelf.

Douglas Ross: Professor van Woerden?

Professor van Woerden: This is a slightly anecdotal answer, but I think that there is a lack of expertise in remote and rural areas when it comes to insulation and insulation techniques in the building trade community, if that makes sense. There is also a marginal cost. If you have four houses to do in a day that are 20, 30 or 50 miles apart, it is not as cost-effective or profitable for a small company as it is with houses that are five minutes apart.

- Q80 **Douglas Ross:** The marginal effect is also the point you were all making about broadband. It infuriates me that we get targets met in terms of X number of homes or a percentage of homes across Scotland that have been fitted with superfast broadband, but the ones who need it most are the most remote and rural homes. Instead of going from the inside out, we should be going from the harder-to-reach places back in, because the disparity gap is just widening.



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Professor Bell: Yes, in a sense, that is true. It is about the incentives that the firms are facing, and how you change those.

- Q81 **Douglas Ross:** I want to pick up on a few points that people have mentioned already. Professor Bell, you were saying that there are different gradations of rurality. I know that you addressed some of it in response to the Chair and to Mr Duguid, but have we been unclear as a Committee? Our title is just “the impact on rural communities in Scotland”. How do people know how they should respond to us if there are so many different gradations?

Professor Bell: Well, I hesitate to criticise the Committee—

Douglas Ross: Please do.

Professor Bell: The issues around parts of Scotland that would be classed as rural are not of the same nature as those of the kind that we have been discussing today. There are parts of the Central Belt that are classed as rural; in essence they are within relatively small communities, but their access to services is excellent. It is about the remote rural areas. As I said, the James Hutton Institute has done the best work on this. I will certainly send that along. In documentation that you send out in future, it might be worth emphasising “remote rural”.

- Q82 **Douglas Ross:** I am sure that that has been noted by everyone on the Committee. Just sticking with you, Professor Bell, you mentioned—I think to Christine Jardine—the lack of opportunities, jobs and skills, particularly in the Highlands. You did not mention freeports. Surely there is the new freeport that we are getting in Cromarty? We are going there as a Committee in a few weeks’ time. Part of the sell there is the 25,000 new jobs potentially coming to the area as a result of that, and 65,000 for the Forth freeports. That is pretty significant, isn’t it?

Professor Bell: Certainly so; that is a major development, it seems. We do not quite know how it will all work out. The area of Nigg in Invergordon, around the freeport, would not be classed as remote rural at the moment. There is supposedly a circle that has been drawn with a radius of about 40 miles, or something like that, where further development will be taken forward. I would be interested to know exactly what that means, because that does offer potential opportunities into areas that have the lack of access to services that we have been talking about. It will be interesting. I am fairly convinced that there is potential there; whether it will amount to 25,000 jobs, I do not know, but clearly there will be some.

- Q83 **Douglas Ross:** Okay. The other thing that was discussed was the lack of births in Sutherland, I think. Professor van Woerden, you said you were a former director of public health for NHS Highland, which closed the maternity unit at Caithness. We have a similar situation with the maternity unit at Dr Gray’s being downgraded. That has an impact. My rural Moray constituency struggles because families in these areas are thinking about not having children, because of the health service. We have heard a lot today about GP appointments and the accessibility of



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that form of healthcare, but if we are losing vital services, as we are seeing at Dr Gray's at Moray and at Caithness, that will have a massive impact.

Professor van Woerden: Yes, I recognise that difficulty in accessing services does impact the quality of life and people's considerations about having children, or living in an area when planning to have and bring up children. There is a trade-off between providing safe and sustainable services and providing services that are very accessible but not safe for those receiving the service. We are trying to do some research on this at the moment. People trade off differently; some people accept something that is very close, but is of a lower standard in terms of what it can deliver, because of its closeness; other people will see its risks. For example, if you are going to give birth to a baby and there is a chance that that baby could die, some people would be happy with a greater risk of the baby dying but having the baby locally, while other people—just a different personality type—would prefer to travel to have that risk reduced. We have some unpublished health economic research using a particular technique called discrete choice experiment that has been looking at that specific area, and you do seem to have different personality types that like different options to different degrees.

- Q84 **Douglas Ross:** I personally would be very interested in that. I could speak about this for the whole session, given what we've experienced in Moray. Most recently, we had a mum who had to go against medical advice, which was to go from Elgin to Aberdeen to give birth, because the weather was so bad that there was no guarantee she would get to Aberdeen. When we are making families go through these unacceptable choices, it has a knock-on effect. Mr Birt, I know you wanted to come in.

Chris Birt: Yes. These are undoubtedly incredibly stressful situations for families. The other thing discouraging people from having children at the moment is simply the cost. The level of support that is available to mothers in particular, during maternity leave is woeful; statutory maternity pay is grim. A third of babies in Scotland are born into families living in poverty. That is the other thing. Say you were considering having a family in a rural area and you were going into winter and you had to buy your 500 litres of heating oil; these sorts of costs come into play in people's minds. It is a difficult mix. Different people make different decisions, of course, and that is right, but we need to think about the financial support that is available, for mothers in particular.

- Q85 **Douglas Ross:** Absolutely—well put. I want to move on to my final two points. Professor van Woerden, in one of your first comments—I think I heard you correctly—you mentioned that the rush to get payments and support out as quickly as possible, sometimes leaving some groups longer to wait to get systems up and running, is actually cross-sector. You have international experience, so is that correct: that internationally, Governments try to help as many people as quickly as possible, which sometimes means we get the criticisms we heard from the first panel about it taking longer for more targeted payments and support to get to certain people?



Professor van Woerden: I agree with what you are saying. My understanding is that across global development as a whole, the basic principle is that targeting is most effective in terms of its impact. As referred to earlier, that has greater administrative cost and complexity associated with it. It often relates to a relatively small section of the population, so it is very easy for Governments to put out a measure very quickly that deals with most people's situation but inadvertently does not adequately address the needs of a minority, where greater sophistication and complexity needs to be built into the solution.

Q86 Douglas Ross: I suppose what I am trying to check is your evidence is that this is not unique to Scotland or the United Kingdom. There are global examples of this—international examples—because Governments are trying to get support out as quickly as possible.

Professor van Woerden: Yes, there are examples from other types of intervention, where that same trade-off has been critiqued.

Q87 Douglas Ross: Mr Birt, I just want to come back to you, because unfortunately the audio here in the House of Commons was not great when you were recognising the UK Government's significant intervention. You said that it is "by any measure" or "any means", and then I did not catch the word. It would be useful to get your view—I think you had caveats—on the fiscal intervention of the UK Government.

Chris Birt: I said that by any measure it was a large intervention, absolutely; but, as you would expect me to say, it has not quite gone far enough. I think a lot of that comes down to the underlying weaknesses within the social security system. As I say, even the large additional payment that was given to those on means-tested benefits has only filled, say, half of the gap that it would take to get families to an income where they could just meet the essentials.

To come back to your point on the ease of getting support to those who need it most, a really important thing for the UK Government—it is equally applicable to the Scottish Government—is the concern that there were not levers available for Government to make support targeted in these ways. For example, you had things like the furlough scheme during covid, which was very impressively put together quickly to be able to support workers and businesses at that time. Inflation will come along again. Things happen that Governments need to be ready for, and I think it is something we need to look at as a weakness in our public service provisions—the ability to adapt to emergency situations.

Q88 Douglas Ross: I absolutely think that is something we will put to Ministers of both the Scottish and UK Governments.

Final question from me. Professor van Woerden was speaking about loneliness and isolation. One of the areas where people get most support is from their local councils—be it from libraries or going to the ball group in the village hall. How much of an impact will there be from the savage cuts that the Scottish Government have put on local councils? We are seeing major reductions in the services provided. We have not spoken at



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all about local government today, but it plays a key role, particularly in remote and rural areas. The services local councils provide are absolutely vital for many people, particularly the older people Professor van Woerden was speaking about. If these cuts continue at the level that the president of COSLA, SNP Councillor Shona Morrison, has said is just completely unacceptable, how much worse is this going to get for people who are struggling in rural parts of Scotland?

Professor Bell: Remember that the Highlands is about the size of Belgium.

Douglas Ross: I do, because I represented it in a different place.

Professor Bell: Irrespective of its funding, the council often seems a very long way away, and a lot of communities in remote rural areas do a lot of self-help. They are quite resilient communities, but obviously cuts in budgets have negative influences in lots of different ways. Budgets are being pruned. The cuts to local government have been much more severe than the cuts to, for example, the health service over the last few years. I guess we are going to see this unfold over the next while, but it is clear to me that local government budgets at the moment are under pressure in a way I haven't seen before.

Chris Birt: Undoubtedly, councils are under significant pressure in their budgets. I don't say this lightly, and I wouldn't fancy the job myself, but one thing I would say to councils is: protect those services that ameliorate some of the isolation. We have heard directly from families who have gone from a position where they were isolated because of covid—frankly, we all were—but they feel that same isolation now because of the cost of things. Low-income families are locked in their houses in the same way they were during covid, but by income rather than by the pandemic. The community services that councils provide—libraries and so on—are not simply nice things to have; they are vital community resources.

Professor van Woerden: Leaving aside the financial component, the third sector is incredibly important to rural areas in terms of social cohesion, addressing social isolation and loneliness, quality of life, and support mechanisms for vulnerable groups. There may be an opportunity to think of mechanisms beyond direct financial help that the Government could use to support and encourage the third sector. What incentives and mechanisms could be put into place to make the third sector thrive? I think that is a key question for the Government.

Douglas Ross: Thank you all

- Q89 **Dr Whitford:** I have a small supplementary question for you, Professor van Woerden. You were talking about the lack of skills in housing insulation and improving energy efficiency. Obviously, we had the reference to how scattered houses are. How much of it is a problem with the type of housing stock? Not only are there detached houses, as Professor Bell mentioned, but there is a predominance of stone houses. I used to live on Mull in a stone house, with a corrugated tin bathroom and



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kitchen. There was just electric heating. There was no way of making that place warm. Is it because that type of insulation will be a “minority sport”, if you like? Does that then drive up the price of making houses more energy efficient and make it simply more difficult?

Professor van Woerden: Absolutely. My understanding—I have looked into this a bit—is that the technology has not been well developed. There is evidence that, particularly with stone houses, trying to increase the insulation can massively affect damp; over a decade or two it can damage the house to a major degree. There is a need for more research on how to make old stone houses energy efficient without damaging their infrastructure.

Dr Whitford: Thank you.

Q90 **Wendy Chamberlain:** Thank you very much to you all. This has been very useful, but I am conscious that we are well over time so I am going to keep it short. Mr Birt, may I come to you in the first instance? Earlier, you talked about the estimates of the gap between what universal credit is and what is needed to live on. I saw your “Guarantee our Essentials” campaign alongside the Trussell Trust on Twitter today. Having read the summary, the only thing I didn’t get was how much do we estimate it would cost the Government if they chose to implement the standards that you outlined? My second question is: would you be looking for a regional differentiation, given some of the challenges we have discussed this afternoon?

Chris Birt: Our estimate, which is based on the assumption that universal credit is fully rolled out, is that it would cost around £20 billion on top of the current social security costs. That is worth putting in context. It would reverse about two thirds of the cuts from the social security system that have happened since 2014 anyway. It is not an insignificant cost, but, frankly, it is one that we think needs to be met.

Q91 **Wendy Chamberlain:** This afternoon, we have also discussed how not doing some of these things has on-costs for other parts of our security and health systems and so on. Thank you for that.

Next, a simple question: what are your views on groups that have missed out on support? Is there anyone we have still not caught? Targeted support has been a big conversation in both sessions this afternoon, but have we missed out any obvious groups?

Professor Bell: We have referred to this already, but those who find it difficult to access online support and perhaps have limited social connection as well. I am thinking of isolated crofters in remote, rural areas. They are quite a difficult group to access in the first place, but I suspect that a lot of the potential benefits out there, whether from the UK or the Scottish Government, will have been missed.

Q92 **Wendy Chamberlain:** Thank you. Professor van Woerden or Mr Birt, can you think of any groups beyond that?



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Professor van Woerden: We are doing some research at the moment on suicide in farming and agricultural communities. Incomes in that sector appear to have fallen dramatically, and that poses a huge mental health issue for those communities.

Q93 **Wendy Chamberlain:** Absolutely. Costs like fertiliser and so on are all impacted by energy costs as well.

Chris Birt: We have not spoken much about disabled people or the level of support available to people who, say, have to run medical devices or keep their homes heated all the time. The costs are enormous. Obviously, access to services can be a huge issue, and having to travel a long way for a specialist service. You asked me previously whether we should be thinking about additional support for people in rural areas. Perhaps we should, but the people who should certainly be close to the top of our list for consideration for additional support are disabled people.

Q94 **Wendy Chamberlain:** Absolutely. I was with Disability Rights UK earlier today and learned that it is also about the maintenance of such equipment. That is the very thing that people put off because of affordability, but it makes those things even less efficient. Thank you.

My final question links to net zero and transport. We were talking about houses' insulation, and there is a broad consensus that we need to do more of that, but thinking about Douglas Ross's comments about broadband as well, I have a concern that, when we talk about electric cars, charging points and rurality, potentially those drives will just mean that we end up with an even more isolated group of people, who are further penalised by the fact that they will be using legacy systems, legacy fuels and so on. What more do we need to do on the transport front?

Professor Bell: If you had area-based pricing for electricity, these people would be quite happily driving around in electric cars, because marginal costs are virtually zero.

Q95 **Wendy Chamberlain:** They will always need somewhere to plug it in.

Professor Bell: Yes, they need the charging points, but nothing other than that. One of the fundamentals for further discussion as a whole is about the energy market: how does the energy market work and how can it be changed? It is quite reasonable for communities that to some extent suffer the disbenefits of onshore renewable energy should in some way be compensated for those. I understand that Octopus has introduced a scheme whereby those in certain postcodes receive much cheaper electricity at night, if the wind is blowing over a certain level. I do not see why that kind of idea should not be explored further.

Q96 **Wendy Chamberlain:** Lovely, thank you. Professor van Woerden or Mr Birt, would you like to add anything?

Professor van Woerden: Nothing from me, thanks.



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Chris Birt: I think transport on demand is something that we should be looking at much more carefully. As Professor Bell said, I would use energy storage to reduce any production or transmission costs and so on, to keep energy closer to where it is used—local production of both heat and electricity within remote areas, we have to do better on.

Chair: Thank you all. That was a fantastic kick-off to this inquiry. A couple of things you said should help us—the Hutton report, which I think the Committee will be very interested in, and Mr Birt I think said he would provide us something else to help us with the inquiry. Anything else you have to contribute, please get in touch with the Committee. I hope you keep a keen interest in what we observe. We hope to have a report ready to go later in the year. Thank you ever so much for your attendance this afternoon.